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ER-1-2892A

OCT 31 1950

The Honorable
The Director of the
Bureau of the Budget
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Lawton:

Reference is made to your letter of 4 October 1950, Subject: "Statutes that would be affected by the termination of the existence of a state of war or emergency."

Because of the powers and authorities granted the Central Intelligence Agency in its basic legislation, the Agency will not be handicapped in its functioning by the termination of the states of war or emergency described in your letter. The Agency would be affected incidentally, however, because of the dependence of some of its activities on other government departments and agencies, and because of its policy to follow, so far as possible, general governmental policies and procedures. A discussion of the termination of most of those statutes which affect us only incidentally will be left to the departments and agencies primarily concerned.

Of interest to CIA are several laws, passed during the Second World War, providing compensation for certain classes of persons who, while serving the United States abroad, are determined to be injured, missing or captured due to enemy action. While these statutes were primarily concerned with the actual hostilities against Germany and Japan, they have proven helpful and should be extended to cover the "cold war" where there is no official "enemy". Consequently, it would be desirable for the provisions of these laws to be continued on a permanent basis and broadened in their language so as to care for persons engaged in activities abroad on behalf of the United States which are not necessarily connected with any formal state of war existing between the United States and any other country

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or countries. The laws involved are the sections of the War Pay and Allowances Act of 1942, and sections of the Acts of 2 December 1942 and 28 July 1945, described below.

The missing persons provisions of the War Pay and Allowances Act of 1942 (Act of March 7, 1942, c. 166, 56 Stat. 143, 50 USC App. §§1001-1015), as amended, provide generally for the continuation of the pay and allowances of government employees serving outside the continental United States for any period during which the employee is determined to be missing in action or captured by an enemy. This law also provides for a moratorium on the filing of income tax returns by such persons and for the return transportation of their dependents and household effects. The Act, by its terms, will remain in effect "until the termination of the present war with Germany, Italy and Japan, and for twelve months thereafter, or until such earlier time as the Congress by concurrent resolution or the President by proclamation may designate." (50 USC App. §1015). Apparently this Act may be deemed to be still in effect and applicable to certain CIA personnel.

Section 5(b), c. 328, of the Act of July 28, 1945, 59 Stat. 505, 5 USC §801, as amended, provides generally that, where a United States employee suffers death or disability after capture by an enemy of the United States "during the present war," the injury is deemed to have been sustained while in the performance of duty, for the purposes of the Federal Employees Compensation Act (5 USC §751 ff.).

The Act of December 2, 1942, c. 668, Title I, 56 Stat. 1028-1033, 42 USC §§1701-1706, as amended by the Act of December 23, 1943, c. 380, Title I, 57 Stat. 626, extends the benefits of the Federal Employees Compensation Act to certain persons employed by a contractor with the United States and to persons engaged by the United States under a contract for personal services outside the continental United States, where injury results from "war-risk hazards", or the person is missing due to enemy action, or is not returned to his home due to failure of the United States to furnish transportation. "War-risk hazard" is defined (42 USC §1711) as hazard arising from certain enumerated types of occurrences "prior to the end of the present war."

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There are also two provisions concerning free entry of goods to the United States which are of interest to this Agency. The first is the Act of June 27, 1942, c. 453, §§ 1 and 2, 56 Stat. 461, 50 USC App. §§801-802, which provides that the personal and household effects of any person in the service of the United States, or of any person evacuated to the United States under Government orders, may be brought into the United States or any of its possessions pursuant to Government orders or instructions, without payment of any duty or tax, subject, however, to such regulations as the Secretary of the Treasury may prescribe. The Act provides (50 USC §802) that it "shall have no force or effect on or after the day following the proclamation of peace by the President." The retention of provisions of this nature as permanent law is desirable in order to facilitate the movement of CIA personnel and any evacuation of persons to the United States arranged by CIA.

Executive Order 9177 of May 30, 1942, extended to certain other agencies of the Government the authority given to the Secretary of the Navy in the Act of June 30, 1914, 38 Stat. 399, 34 USC 568, to make emergency purchases of war materials abroad and to import same to the United States free of duty. The Order provides that it "shall continue in force and effect until the termination of Title I of the First War Powers Act, 1941," i.e., until six months after the termination of the war. It is desired that a permanent law be enacted granting to CIA, along with other specified agencies, the authority contained in the Act of June 30, 1914.

We shall be glad to discuss any of these matters with you further if you so desire. Inquiries should be directed to the attention of our Legislative Officer, Walter L. Pforzheimer, Code

Sincerely yours,

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WLPforzheimer:blc
Central Records - *W/basic*

Signer: _____

Budget Officer, (2), - 1 copy for Barber, Bur. of Budget.

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Acting Executive

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